

## Message Text

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PAGE 01 BELGRA 04217 050736Z  
ACTION TRSE-00

INFO OCT-01 EUR-12 EA-10 ISO-00 NEA-11 IO-13 L-03  
CIAE-00 INR-10 NSAE-00 AID-05 COME-00 EB-08  
FRB-03 ICA-11 XMB-02 OPIC-03 SP-02 OMB-01 /095 W  
-----073448 050757Z /17

R 031040Z JUN 78  
FM AMEMBASSY BELGRADE  
TO SECSTATE WASHDC 6824  
INFO AMEMBASSY BONN  
AMEMBASSY MANILA  
AMEMBASSY TOKYO

LIMITED OFFICIAL USE BELGRADE 4217

E.O. 11652: N/A  
TAGS: EAID, EFIN, ADB, YO  
SUBJECT: POSSIBLE ADMISSION OF YUGOSLAVIA TO ASIAN DEVELOPMENT BANK

REF: MANILA 7582

1. THE INTEREST EXPRESSED BY YUGOSLAVIA IN JOINING THE ASIAN DEVELOPMENT BANK IS NOT SURPRISING, CONSIDERING THAT THEY HAVE JOINED OTHER REGIONAL LENDING INSTITUTIONS SUCH AS THE INTERAMERICAN DEVELOPMENT BANK AND THE AFRICAN DEVELOPMENT FUND. ONE MAJOR REASON FOR THEIR INTEREST IN THESE BANKS IS THAT MEMBERSHIP IS USUALLY A PREREQUISITE FOR BIDDING ON CONSTRUCTION PROJECTS FINANCED BY THE BANKS. YUGOSLAV CONSTRUCTION FIRMS ARE ACTIVE THROUGHOUT THE WORLD, PARTICULARLY IN THE DEVELOPING COUNTRIES. ANOTHER REASON IS THE POLITICAL BENEFITS-YUGOSLAVIA CAN PRESENT ITSELF AS A COUNTRY WHICH, WHILE DEVELOPING ITSELF, IS STILL WILLING TO ASSIST LESS-DEVELOPED AREAS THROUGH WHAT THEY CONSIDER TO BE THE PROPER INTERNATIONAL ORGANIZATIONS.

2. SLAVKO BAUM, DIRECTOR GENERAL OF THE EXPORT AND  
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PAGE 02 BELGRA 04217 050736Z

CREDIT INSURANCE FUND, AND A YUGOSLAV DELEGATE TO THE OTHER REGIONAL BANKS MENTIONED ABOVE, DISCUSSED THE PROPOSED YUGOSLAV APPLICATION TO THE BANK WITH EMBOFFS ON MAY 25. HE POINTED OUT THAT THE IDEA HAD FIRST SURFACED ABOUT 6 YEARS AGO. THE MAIN STUMBLING BLOCK AT THAT TIME WAS A SENTENCE IN THE BY-LAWS OF THE BANK WHICH STATES THAT NON-REGIONAL "DEVELOPED" COUNTRIES COULD BE MEMBERS OF THE BANK. AS

YUGOSLAVIA CONSIDERS ITSELF A DEVELOPING COUNTRY, THIS WORDING WAS UNACCEPTABLE. BAUM SAID THAT WHILE HE COULD NOT GET THE NECESSARY SUPPORT WITHIN THE YUGOSLAV GOVERNMENT EARLIER TO NEGOTIATE THIS ISSUE, HE NOW HAD IT. HE DID NOT DISCLOSE WHETHER A SATISFACTORY COMPROMISE HAS BEEN DISCUSSED OR WORKED OUT WITH ASIAN DEVELOPMENT BANK OFFICIALS, BUT HE APPEARED CONFIDENT THAT THE ISSUE WOULD NOT BE A REAL OBSTACLE AT THIS TIME.

3. COMMENT: WE HAVE HEARD THAT AT LEAST PART OF THE YUGOSLAV CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK WAS IN YUGOSLAV DINARS. WHILE THE DINAR IS PARTIALLY CONVERTIBLE, IT IS BY NO MEANS A HARD CURRENCY. IT IS LIKELY THAT THE YUGOSLAVS WILL ATTEMPT A SIMILAR USE OF DINARS AS ALL OR PART OF THEIR CONTRIBUTION TO THE ASIAN DEVELOPMENT BANK.

4. WE SEE NO OBJECTIONS TO YUGOSLAV MEMBERSHIP IN THE ASIAN DEVELOPMENT BANK, BUT THERE IS NO REASON TO BEND THE RULES OF THE GAME FOR THEM EITHER. THEIR CONTRIBUTION SHOULD BE IN A HARD CURRENCY WHICH CAN BE UTILIZED TO PURCHASE CAPITAL GOODS IN ALL COUNTRIES AND NOT JUST YUGOSLAVIA. THE YUGOSLAVS HAVE ALMOST 3 BILLION DOLLARS IN HARD CURRENCY RESERVES AT THIS TIME AND -- DESPITE A SERIOUS TRADE BALANCE PROBLEM-- CAN MEET THEIR CONTRIBUTION REQUIREMENT.  
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PAGE 03 BELGRA 04217 050736Z

EAGLEBURGER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEMBERSHIP, DEVELOPMENT BANKS  
**Control Number:** n/a  
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**Draft Date:** 03 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Disposition Reason:**  
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**Review Exemptions:** n/a  
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**TAGS:** EAID, EFIN, YO, ADB  
**To:** STATE  
**Type:** TE  
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